

**IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA**

_____ day _____, 20__

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

**RESOLUTION TO ADOPT THE ANNUAL ADJUSTMENT TO THE IN-LIEU FEE
SCHEDULE AND HOUSING IMPACT FEE SCHEDULE OF
TITLE 29 – AFFORDABLE HOUSING FUND**

The following resolution is hereby offered and read:

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3171 – Title 29 – Affordable Housing Fund, thereby establishing the in-lieu fee, the housing impact fee and the Affordable Housing Fund and also establishing the authority for collecting, depositing and disbursing the in-lieu fee and housing impact fee; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3169 – Land Use Ordinance Section 22.12.080: Inclusionary Housing, and Ordinance No. 3170 – Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing, thereby creating and establishing the authority for imposing and charging the in-lieu fee and housing impact fee; and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and Annual Adjustment of Fee Schedules authorizes the annual review and adjustment of the amount of in-lieu fee and housing impact fee to be imposed, charged and collected and furthermore directs the County to consider annually adjusting the said fees to match the year-by-year changes in construction costs that are documented in the Construction Cost Index for the San Francisco Bay Area, as published by McGraw-Hill in the Engineering News Record; and

WHEREAS, on February 1, 2011, the Board of Supervisors of the County of San Luis Obispo adopted Resolution No. 2011-38, which established the current

edition of the Title 29 fee schedules (for fiscal year 2011/2012) by means of adjusting the then current Title 29 fee schedules (for fiscal year 2010/2011) to reflect the 4.1% construction cost increase that had occurred in the year-to-year period between October, 2009 and October, 2010, as documented in the Construction Cost Index for the San Francisco Bay Area and published by McGraw-Hill in the Engineering News Record; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has determined that the current Title 29 fee schedules (for fiscal year 2011/2012) shall be adjusted to reflect the 0.8% increase in construction costs that has occurred in the year-to-year period between October, 2010 and October, 2011, as documented by the Construction Cost Index for the City of San Francisco and published by McGraw-Hill in the Engineering News Record dated October, 2011, and that the fee schedules of Title 29, specifically the fee amounts in Table 29.1 – Residential Development – In-Lieu Fee Schedule and Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule shall be adjusted to reflect the 0.8% increase in construction costs; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has also determined that the County shall remain at "Year 1" of the five-year phase-in schedule described in Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules so that during fiscal year 2012/2013 the County shall collect 20% of the full fee amount (the full five year fee amount) shown in the adjusted Table 29.1 – Residential Development – In-Lieu Fee Schedule and in Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule, which have been adjusted to reflect the 0.8% increase in construction costs.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of San Luis Obispo, State of California, that:

1. **Purpose.** This resolution is adopted for the purpose of adjusting the amount of in-lieu fee and housing impact fee to be imposed, charged and collected for fiscal year 2012/2013, in accordance with Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules. The said fee adjustment shall reflect the most recent year-to-year construction cost changes that

have occurred, as documented in the Construction Cost Index for the City of San Francisco, and published by McGraw-Hill in the Engineering News Record. This resolution is also adopted for the purpose of authorizing the continued practice of imposing and collecting the in-lieu fee and housing impact fee, in conformance with this resolution, with Title 29 – Affordable Housing Fund, with Land Use Ordinance Section 22.12.080: Inclusionary Housing, and with Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing.

2. Amount of Fee. The current fiscal year 2011/2012 in-lieu and housing impact fee schedules in Title 29 – Affordable Housing Fund, shall be adjusted as follows:

- a. There shall be a 0.8% increase in the fee amounts shown in Title 29, specifically in Table 29.1 – Residential Development – In-Lieu Fee Schedule and in Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule. This fee adjustment reflects the 0.8% increase in construction costs that occurred between October, 2010 and October 2011, as documented by the Construction Cost Index for the City of San Francisco, as published by McGraw-Hill in the Engineering News Record, dated October, 2011.
- b. The attached Exhibit “A” and Exhibit “B” show the adjusted fee schedules with the 0.8% fee increase. Title 29 is hereby amended to remove the existing Table 29.1 (FY 2011/2012) and Table 29.2 (FY 2011/2012), and to replace them with Table 29.1 (FY 2012/2013) and Table 29.2 (FY 2012/2013), respectively.
- c. The County shall remain at “Year 1” of the five-year phase-in schedule described in Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules. During fiscal year 2012/2013 the County shall collect 20% of the full fee amount (the full five year fee amount) shown in Table 29.1 (FY 2012/2013) – Residential Development – In-Lieu Fee Schedule and in Table 29.2 (FY 2012/2013) – Nonresidential Development – Housing Impact Fee Schedule. The attached Exhibit “C” shows highlighting of the “Year 1” column in Table

29.3 (FY 2012/2013) and Table 29.4 (FY 2012/2013). Exhibit "C" also shows that the fee amounts of Table 29.4 (FY 2012/2013) have been adjusted to reflect the 0.8% increase in construction costs. Title 29 is hereby amended to remove the existing Table 29.3 (FY 2011/2012) and Table 29.4 (FY 2011/2012), and to replace them with Table 29.3 (FY 2012/2013) and Table 29.4 (FY 2012/2013), respectively.

3. **Time of Fee Payment.** The in-lieu fee and housing impact fee established for FY 2012/2013 by the County and by Title 29 – Affordable Housing Fund shall be paid at the time of land use permit approval, construction permit issuance or subdivision map recordation, or may be deferred until the date of final permit approval, in accordance with the provisions of Title 29 – Affordable Housing Fund, Land Use Ordinance Section 22.12.080: Inclusionary Housing, Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing, and Government Code Section 66007, subdivision (b).

4. **Fees Accounts.** An Affordable Housing Fund with individual accounts for the in-lieu fee and the housing impact fee has been established pursuant to Ordinance 3171 – Title 29 – Affordable Housing Fund. The moneys in the said fund and accounts are being appropriated and applied in accordance with the requirements, standards and policies of Title 29 – Affordable Housing Fund and of the County of San Luis Obispo Housing Element. All allocations and expenditures of the said fund and fee accounts shall be done in accordance with the Affordable Housing Fund Action Plan, an annual action plan that is prepared pursuant to Title 29 Section 29.05.020 and that is adopted by the Board of Supervisors of County of San Luis Obispo.

5. **Use of Fees.** The in-lieu fee and housing impact fee shall be used solely to construct, rehabilitate or subsidize very low, low, moderate income and workforce housing, and/or to assist government entities, private organizations or individual in the construction, rehabilitation or subsidy of very low, low, moderate income and workforce housing, and/or to assist with the provision of rental or owner occupied housing services. All said housing development projects and subsidies and housing services shall be the ones that are identified and described in the Affordable Housing Fund Action Plan.

6. Government Code 66001(b). Pursuant to Government Code 66001(b)

there were studies completed to establish the reasonable relationship between the Title 29 fee amounts and the cost of affordable housing that is attributable to the development projects on which the fees are imposed. After five years these studies should be updated to reflect any changes in the funding gaps for affordable housing. The following studies (hereinafter "Studies"), prepared by Vernazza Wolfe Associates, Inc. evaluate the housing market conditions in San Luis Obispo County: 1) San Luis Obispo County Inclusionary Zoning Ordinance Financial Analysis, dated December 21, 2007, and 2) Commercial Linkage Fee Nexus Study, dated December 21, 2007. The Inclusionary Zoning Ordinance Financial Analysis evaluates the financial impact of the inclusionary housing ordinance on residential development (Title 22 Section 22.12.080 and Title 23 Section 23.04.096 – Inclusionary Housing), and establishes an in-lieu fee schedule that will enable residential development projects to provide a fair share of affordable housing units and yet receive a net profit that would meet the minimum expected return anticipated by residential developers. The Commercial Linkage Fee Nexus Study evaluates and quantifies the demand for affordable housing caused by new commercial and industrial development. The Nexus Study establishes a reasonable and justifiable housing impact fee schedule that can be imposed on commercial and industrial development projects in order to mitigate the impact to the County's housing stock that is caused by such development projects.

7. Government Code 66001(a)(3). Pursuant to Government Code

66001(a)(3) the Board finds that the Studies establish a reasonable relationship between the use of the in-lieu and housing impact fees and the type of development projects on which the fees are imposed. The in-lieu fee shall be used to produce affordable housing units and mitigate the actions by residential development that generates a disproportionate share of above moderate income housing in the County. The housing impact fee shall be used to produce affordable housing and mitigate the need for such housing that is generated by the construction of new commercial and industrial projects in the County.

8. Government Code 66001(a)(4). Pursuant to Government Code

66001(a)(4) the Board finds that the Studies establish a reasonable relationship

between the need for affordable housing and the type of development projects on which the in-lieu and housing impact fees are imposed. Residential development in San Luis Obispo County is generating a disproportionate number of dwelling units for above moderate income households, which has created an unmet need for affordable housing. The Studies provide an in-lieu fee schedule to be imposed on residential development. The in-lieu fee will be used to produce the needed affordable housing yet still allow residential developers to receive a net profit that meets the minimum expected return anticipated by them. The Studies document the number of affordable housing units needed when new commercial and industrial development is built. The Studies provide a housing impact fee schedule to be imposed on commercial and industrial development. The housing impact fee schedule provides a reasonable and justified fee amount that matches the cost of producing the affordable housing units needed to serve new commercial and industrial development.

9. **Effective Date.** The in-lieu and housing impact fee schedules for FY 2012/2013, as shown in Exhibits "A" and "B," shall become effective as of July 1, 2012.

Upon motion of Supervisor _____, seconded by
Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted.

Chairman of the Board of Supervisors

ATTEST:

Clerk of the Board of Supervisors

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

WARREN R. JENSEN
County Counsel

By: 
Deputy County Counsel

Dated: 11/21/11

STATE OF CALIFORNIA,)
) ss.
County of San Luis Obispo,)

I, _____, County Clerk and ex-officio Clerk
of the Board of Supervisors, in and for the County of San Luis Obispo, State of
California, do hereby certify the foregoing to be a full, true and correct copy of an order
made by the Board of Supervisors, as the same appears spread upon their minute
book.

WITNESS my hand and the seal of said Board of Supervisors, affixed this day
of _____, 20 ____.

County Clerk and Ex-Officio Clerk of the
Board of Supervisors

(SEAL)

By: _____
Deputy Clerk.

Exhibit "A"

(SUPERSEDED) Table 29.1 (FY 2011/2012) – Residential Development – In-Lieu Fee Schedule

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
Under 900 SF Exempt			
900	<u>\$1,794</u>	<u>\$8,972</u> \$8,904	<u>\$44,859</u> \$44,503
1,000	<u>\$1,994</u>	<u>\$9,969</u> \$9,890	<u>\$49,844</u> \$49,448
1,100	<u>\$2,193</u>	<u>\$10,965</u> \$10,878	<u>\$54,827</u> \$54,392
1,200	<u>\$2,392</u>	<u>\$11,962</u> \$11,867	<u>\$59,812</u> \$59,337
1,300	<u>\$2,592</u>	<u>\$12,959</u> \$12,856	<u>\$64,796</u> \$64,282
1,400	<u>\$2,791</u>	<u>\$13,956</u> \$13,845	<u>\$69,781</u> \$69,227
1,500	<u>\$2,991</u>	<u>\$14,953</u> \$14,834	<u>\$74,764</u> \$74,174
1,600	<u>\$3,190</u>	<u>\$15,950</u> \$15,823	<u>\$79,749</u> \$79,116
1,700	<u>\$3,389</u>	<u>\$16,947</u> \$16,812	<u>\$84,733</u> \$84,064
1,800	<u>\$3,589</u>	<u>\$17,944</u> \$17,804	<u>\$89,718</u> \$89,006
1,900	<u>\$3,788</u>	<u>\$18,940</u> \$18,799	<u>\$94,702</u> \$93,950
2,000	<u>\$3,987</u>	<u>\$19,937</u> \$19,779	<u>\$99,686</u> \$98,895
2,100	<u>\$4,187</u>	<u>\$20,934</u> \$20,768	<u>\$104,671</u> \$103,840
2,200	<u>\$4,386</u>	<u>\$21,931</u> \$21,757	<u>\$109,655</u> \$108,785
2,300	<u>\$4,586</u>	<u>\$22,928</u> \$22,746	<u>\$114,639</u> \$113,729
2,400	<u>\$4,785</u>	<u>\$23,925</u> \$23,735	<u>\$119,623</u> \$118,674
2,500	<u>\$4,984</u>	<u>\$24,922</u> \$24,724	<u>\$124,608</u> \$123,619
2,600	<u>\$5,184</u>	<u>\$25,919</u> \$25,713	<u>\$129,593</u> \$128,564
2,700	<u>\$5,383</u>	<u>\$26,915</u> \$26,702	<u>\$134,576</u> \$133,508
2,800	<u>\$5,582</u>	<u>\$27,912</u> \$27,694	<u>\$139,561</u> \$138,453
2,900	<u>\$5,782</u>	<u>\$28,909</u> \$28,689	<u>\$144,545</u> \$143,398
3,000	<u>\$5,981</u>	<u>\$29,906</u> \$29,669	<u>\$149,530</u> \$148,343
3,100	<u>\$6,181</u>	<u>\$30,903</u> \$30,657	<u>\$154,513</u> \$153,287
3,200	<u>\$6,380</u>	<u>\$31,900</u> \$31,646	<u>\$159,498</u> \$158,232
3,300	<u>\$6,579</u>	<u>\$32,896</u> \$32,635	<u>\$164,482</u> \$163,177
3,400	<u>\$6,779</u>	<u>\$33,893</u> \$33,624	<u>\$169,467</u> \$168,122
3,500	<u>\$6,978</u>	<u>\$34,890</u> \$34,613	<u>\$174,451</u> \$173,066
3,600	<u>\$7,177</u>	<u>\$35,887</u> \$35,602	<u>\$179,435</u> \$178,011
3,700	<u>\$7,377</u>	<u>\$36,884</u> \$36,594	<u>\$184,420</u> \$182,956
3,800	<u>\$7,576</u>	<u>\$37,881</u> \$37,589	<u>\$189,404</u> \$187,904
3,900	<u>\$7,776</u>	<u>\$38,878</u> \$38,569	<u>\$194,388</u> \$192,846
4,000	<u>\$7,975</u>	<u>\$39,874</u> \$39,558	<u>\$199,372</u> \$197,790

Original Source: San Luis Obispo County Inclusionary Zoning Ordinance Financial Analysis (December 21, 2007)

* FY 2012/2013 is Year 1 of the five-year phase-in period for Title 29 fees. During FY 2012/2013 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.

**IHU = Inclusionary Housing Unit. ~~With a 20% inclusionary requirement, one affordable unit must be produced with every five market-rate units.~~ This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: Table 29.1 fees shall be phased in and thereafter automatically adjusted annually, pursuant to 29.04.040. For ~~FY 2011/2012~~ FY 2012/2013 the fee schedule has been adjusted to include a construction cost increase of ~~4.1%~~ 0.8%, based on the ENR-CCI for San Francisco (~~Oct. 12, 2010~~) (October, 2011).

Table 29.1 (FY 2012/2013) – Residential Development – In-Lieu Fee Schedule

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
Under 900 SF Exempt			
900	\$1,794	\$8,972	\$44,859
1,000	\$1,994	\$9,969	\$49,844
1,100	\$2,193	\$10,965	\$54,827
1,200	\$2,392	\$11,962	\$59,812
1,300	\$2,592	\$12,959	\$64,796
1,400	\$2,791	\$13,956	\$69,781
1,500	\$2,991	\$14,953	\$74,764
1,600	\$3,190	\$15,950	\$79,749
1,700	\$3,389	\$16,947	\$84,733
1,800	\$3,589	\$17,944	\$89,718
1,900	\$3,788	\$18,940	\$94,702
2,000	\$3,987	\$19,937	\$99,686
2,100	\$4,187	\$20,934	\$104,671
2,200	\$4,386	\$21,931	\$109,655
2,300	\$4,586	\$22,928	\$114,639
2,400	\$4,785	\$23,925	\$119,623
2,500	\$4,984	\$24,922	\$124,608
2,600	\$5,184	\$25,919	\$129,593
2,700	\$5,383	\$26,915	\$134,576
2,800	\$5,582	\$27,912	\$139,561
2,900	\$5,782	\$28,909	\$144,545
3,000	\$5,981	\$29,906	\$149,530
3,100	\$6,181	\$30,903	\$154,513
3,200	\$6,380	\$31,900	\$159,498
3,300	\$6,579	\$32,896	\$164,482
3,400	\$6,779	\$33,893	\$169,467
3,500	\$6,978	\$34,890	\$174,451
3,600	\$7,177	\$35,887	\$179,435
3,700	\$7,377	\$36,884	\$184,420
3,800	\$7,576	\$37,881	\$189,404
3,900	\$7,776	\$38,878	\$194,388
4,000	\$7,975	\$39,874	\$199,372

Original Source: San Luis Obispo County Inclusionary Zoning Ordinance Financial Analysis (December 21, 2007)

* FY 2012/2013 is Year 1 of the five-year phase-in period for Title 29 fees. During FY 2012/2013 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.

**IHU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040. For FY 2012/2013 the fee schedule has been adjusted to include a construction cost increase of 0.8%, based on the ENR-CCI for San Francisco (October, 2011).

Exhibit "B"

**(SUPERSEDED) Table 29.2 (FY 2011/2012) –
Nonresidential Development – Housing Impact Fee Schedule**

Nonresidential Land Use	Fee per square foot
Commercial/Retail	\$2.22 \$2.20
Commercial Service/Offices	\$2.58 \$2.56
Hotel/Motel	\$2.22 \$2.20
Industrial/Warehouse	\$1.03 \$1.02
Other Non-Residential	\$1.94 \$1.92
Commercial Greenhouses	(insignificant increase) \$0.0735 = \$0.07

Original Source: Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County on December 21, 2007.

Note: Table 29.2 fees shall be phased in and thereafter automatically adjusted annually, pursuant to 29.04.040. For FY ~~2011/2012~~ 2012/2013 the fee schedule has been adjusted to include a construction cost increase of ~~4.1%~~ 0.8%, based on the ENR-CCI for San Francisco (~~Oct. 12, 2010~~) (October, 2011).

**Table 29.2 (FY 2012/2013) – Nonresidential Development – Housing Impact Fee
Schedule**

Nonresidential Land Use	Fee per square foot
Commercial/Retail	\$2.22
Commercial Service/Offices	\$2.58
Hotel/Motel	\$2.22
Industrial/Warehouse	\$1.03
Other Non-Residential	\$1.94
Commercial Greenhouses	\$0.07

Original Source: Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County on December 21, 2007.

Note: Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040. For FY 2012/2013 the fee schedule has been adjusted to include a construction cost increase of 0.8%, based on the ENR-CCI for San Francisco (October, 2011).

Exhibit "C"

(SUPERSEDED) Table 29.3 (FY 2011/2012) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

(SUPERSEDED) Table 29.4 (FY 2011/2012) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$4,154 \$4,187	\$8,307 \$8,374	\$12,461 \$12,560	\$16,614 \$16,747	\$20,768 \$20,934
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$4,400 \$4,440	\$8,800 \$8,880	\$13,200 \$13,320	\$17,600 \$17,760	\$22,000 \$22,200

Table 29.3 (FY 2012/2013) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

Table 29.4 (FY 2012/2013) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$4,187	\$8,374	\$12,560	\$16,747	\$20,934
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$4,440	\$8,880	\$13,320	\$17,760	\$22,200